



DLA A-76 Program Budget Review (PBR) Process

Ken McLain

**Competitive Sourcing
Division (J-374)**

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Management Initiative Directive (MID) 907

- **Approved Business Initiative Council (BIC) / Service Estimate on December 20, 2002**
 - Complete Studies on 226,000 positions by FY 2009
 - **DLA → Complete Studies on 9,205 positions by FY 2009***
- **Program Budget Decision (PBD) 729 Reflects June 2003 Revised BIC Goal:**
 - Complete studies on 226,405 positions by FY 2009
 - **DLA → Complete Studies on 9,212 positions by FY 2009**

* Based on 50% of the DLA Federal Activities Inventory Review (FAIR) Act Inventory for Fiscal Year 2000 ... 18,409 Full Time Equivalents (FTEs)



A-76 Competitive Sourcing Progress to Date

- **Competitive Sourcing**

- Distribution, Disposal Sites, Document Automation, Base Ops
- 13 Reviews Completed
- 6 Reviews Underway → Awards Projected Sep 04 -

- **Review Results To-Date**

- 6 MEOs (DDCO, DAPS, DDRV, DDAG, DDPW, & DDTP)
- 7 Private Sector
- 2,689 FTEs Saved

Net Savings Over Five Year Performance:

\$ 377 M

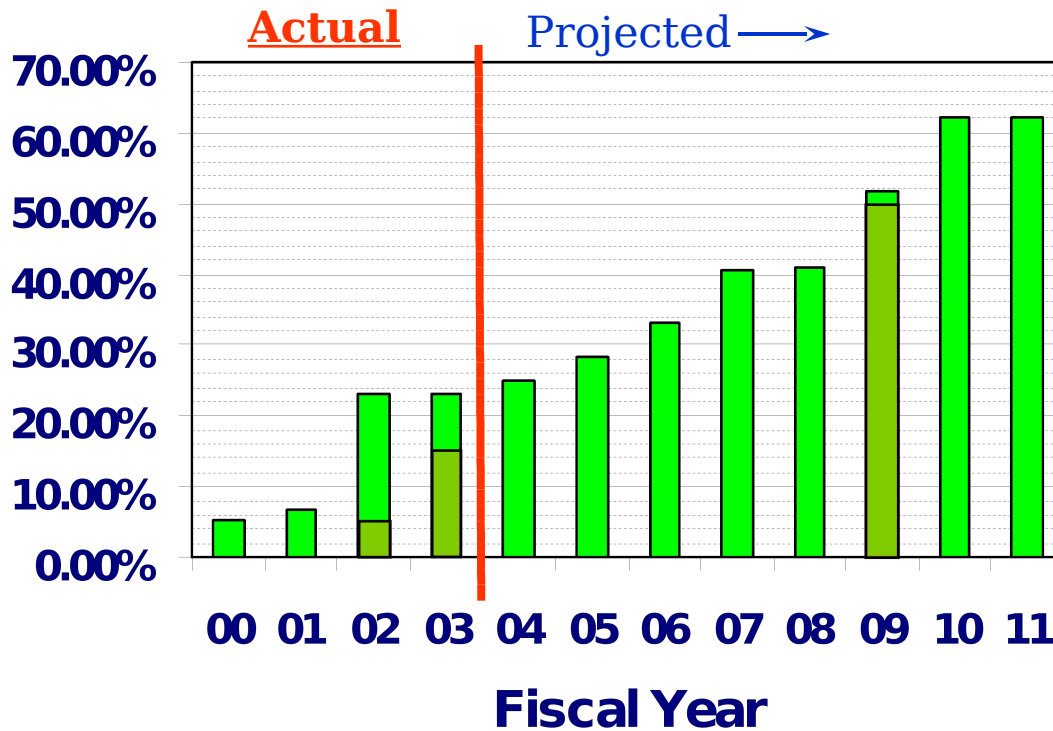
Average Net Savings Of 30 Percent



PBR 06 A-76

Guidance Complies with Defense Planning Guidance & Meets OMB Goals

**% FAIR Act 2000 Positions Studied
Completed (Cumulative)**



**Projected Net Savings:
FY 04 - 09 = \$669M**

- **MID # 907 Target**
 - o 9,212 FTEs by FY 2009
- **OMB/BIC Goals**
 - o FY 02 → 5 %
 - o FY 03 → 10 %
 - o FY 09 → 50 %

% Completed Cumulative		% Completed Cumulative	
FY	%	FY	%
00	5%	06	33%
01	7%	07	41%
02	23%✓	08	41%
03	23%✓	09	52%
04	25%	10	62%
05	28%	11	62%

To Date: 4,487



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Guidance

Assumptions

- **Gross FTE Savings** → 20%
 - Distribution Depots → 40%
 - MEO Re-competitions → 10%
- **Study Costs** → \$4K per FTE
 - MEO Re-Competitions → \$2K per FTE
 - After Decision, Study Costs Become Fully Burdened to Determine Actual Savings
 - \$ 4K per FTE Applies to Contracted Services, Training, & Travel
 - Fully Burdened Includes Gov. Salaries + Benefits Used in Study
- **Transition Costs (Temps, Overtime, etc.)**
 - As Required One-Time Costs



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Guidance

Assumptions (Cont.)

- **Continuing Government Activity (CGA) Costs**
 - Contract Administration, etc.
 - 3 % of Announced FTEs Times Annual Average Rate (AAR)
- **Separation Costs → \$28,000 per FTE**
 - One-Time Costs at Startup
- **End Strength to be Separated**
 - Gross FTE Savings Minus CGA FTEs



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Guidance

Assumptions (Cont.)

- **A-76 Gross Savings**
 - FTE Savings Times AAR
- **A-76 Net Savings**
 - Gross Savings Minus Study, Transition, CGA, & Separation Costs
- **Inflation on Costs & Savings**
 - Inflate If ... Competed FTEs Are Primarily Exempt Department of Labor (DOL) Positions
 - Don't Inflate If ... Competed FTEs Are Primarily Non-Exempt DOL Positions



PBR 06 A-76

Guidance

Timeline

- **December 2003** - Draft PBR 06 A-76 Guidance
- **February 2004** - Two Meetings of Principals to reach consensus on FY 04 - FY 09 A-76 schedule
- **March/April 2004** - PBR Review & Negotiations
- **May/June 2004** - Brief PBR Proposals to Corporate Board
- **July 2004** - Brief Agency PBR Proposal to AT&L
- **August 2004** - Submit Agency PBR Proposal to OSD Comptroller



Questions?

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